





# **PEIA Enrollment Reconciliation Analysis (ERA) and Dependent Eligibility Verification (DEV)**



**August 21, 2009**



**In an effort to contain rising healthcare costs, PEIA must confirm that payments for healthcare services are made for only covered employees and their eligible dependents.**



**Over the next several months, HDM will conduct ERA and DEV with all West Virginia State agencies and non-state agencies and those PEIA-covered policyholders (employees/retirees) with at least one dependent.**

# Who's Involved

## **HDM, Inc., King of Prussia, PA:**

- Nationwide leader in audits and analytics for self-insured employee health plans.
- Offers a wide range of auditing and analytic services, including Dependent Eligibility Verification (DEV).

# Who's Involved

## HDM, Inc., King of Prussia, PA:

- Clients include some of the largest corporations in the U.S. and many state and city governmental entities, such as:
  - North Carolina
  - Wyoming
  - City of Fort Worth

# The ERA

- In order for PEIA to confirm employee eligibility for coverage based on the number of hours worked, all agencies will be required to submit payroll information.
- Chapter 5, Article 16 of the WV State Code (§5-16-12a) was amended to require agencies to provide the information needed by PEIA.



# The ERA

## Your Agency:

- Has 30-days from the post mark on the letter you recently received to remove ineligible employees from the PEIA Health Plan. PEIA will not question the changes made during this grace period.
- For example, those agencies **(they have already been notified)** in the first wave must submit a copy of their agency payroll information for May, June, and July 2009, by September 7, 2009.

# The ERA

## Your Agency:

- Payroll information should include:
  - Agency's Account Number
  - Employee Full Name (last, first and middle initial)
  - Employee Date of Birth
  - Employee Social Security Number



# The ERA

## Your Agency:

- Payroll information should include:
  - Employee's Home Address (street, city, state, zip)
  - Employee's PEIA Monthly Premium Amount
  - Hours worked (use the same period as payroll info you submit, i.e., weekly, monthly)
  - Employee status (e.g. full-time, part-time)

# The ERA

## Your Agency:

- Please identify any employees who are on medical, personal, family, sick leave, etc. or whose hours suggest that they may not be sufficient for eligibility (e.g. employees whose hours do not add up to the minimum required for eligibility).

# The ERA

## You may submit payroll information in electronic format or hard copy:

- An ASCII delimited file, such as Excel, is preferred.
- If uploading an electronic file to the secure FTP site provided by HDM, please include a cover note that explains the record layout (i.e., fields in payroll record)
- To obtain access to the FTP site for your agency, email your agency name and Account Number to HDM at [PEIA\\_Audit@hdminc.com](mailto:PEIA_Audit@hdminc.com)

# The ERA

## **You may submit payroll information in electronic format or hard copy:**

- Payroll information may also be submitted on a password-protected CD or in hard copy, and should be sent via certified mail to:

Attention: Donna Muollo

HDM, Inc.

555 Croton Road, Suite 350

King of Prussia, Pennsylvania 19406

# The ERA

**If your agency does not respond to the request for payroll data by September 7, 2009, your employees' medical claims will be placed on hold and no payments will be made.**

- If you have any questions about the ERA process, or your agency's responsibilities and deadlines, please contact HDM at 800-859-5119 (ext 286).
- **Please do not contact PEIA – you will be directed back to HDM**

# Reason for the DEV

**In an effort to contain rising healthcare costs, PEIA must confirm that payments for healthcare services are made for only covered employees and their eligible dependents.**

# The DEV Employee Packet

- A **DEV Packet** will be mailed to your PEIA-covered employees approximately 30 days after you received your letter requesting compliance with the ERA.
- The DEV packet to contain...
  - An **introductory letter** from PEIA
  - A **grace period affidavit** that allows covered policyholders to identify and request removal of ineligible dependents from the PEIA Plan for 30 days without fear of financial penalty.



# The DEV Employee Packet

- The DEV packet to contain...
  - Each employee's known dependents will be listed on the **grace period affidavit**.
  - A form that provides definitions of all types of eligible dependents and explains required documentation (e.g. federal income tax form, birth certificate, etc.).
  - FAQs
  - A **pre-addressed return envelope** to allow policyholders to return the completed and signed **affidavit** and documentation to HDM.

# The DEV Process

## Step 1

- Policyholders have a 30-day **grace period** to return the signed and dated **grace period affidavit**, with any ineligible dependents marked “ineligible” and eligible dependents marked “eligible.”
  - During the 30-day grace period, PEIA will not question the dependent(s) identified as ineligible by the policyholder.

# The DEV Process

## Step 1

- The policyholder will also not be subject to future recovery of claim payments or action by PEIA to seek prosecution.
- All dependents marked “eligible” must be supported with appropriate documentation.
- Policyholders will be instructed to submit only **copies** of documentation in 8.5” x 11” format.

# The DEV Process

## Step 1

- If you choose to notify your employees of the upcoming DEV directly, please refer them to the PEIA's eligibility requirements outlined in the Plan Year 2010 Summary Plan Description.

# The DEV Process

## Step 1 – Special Instructions

- The introductory letter in the DEV PACKET will also clearly state that...
- If a policyholder submits no documentation or confusing or inadequate documentation for a dependent, the PEIA will reserve the right to determine how much money it has spent in the past two years on that dependent and to collect that amount from the covered policyholder.

# The DEV Process

## Step 1 – Special Instructions

- The PEIA also reserves the right to investigate any intentional fraud or abuse.
- Any policyholder, who fails to respond by the end of the audit, may have healthcare coverage for all of their dependent(s) cancelled.
- Or if one or more of a policyholder's dependents is found to be ineligible, the healthcare coverage for the ineligible dependents can be cancelled.

# The DEV Process

## Step 1 – Special Instructions

- If the policyholder misses the deadline to provide proof of eligibility, and dependent coverage is cancelled, the policyholder will be able to re-enroll an eligible dependent(s) with proof of eligibility.



# The DEV Process

## Step 1 – Special Instructions

- Failure to provide adequate documentation will result in a notice being sent to the policyholder at the conclusion of the DEV that the policyholder's dependent(s) will be removed from the PEIA Health Plan, and at that time the policyholder will have the opportunity to appeal the decision.
- NO DEPENDENT(S) WILL BE REMOVED INVOLUNTARILY UNTIL AFTER THE APPEALS PROCESS.

# The DEV Process

## Step 1 – Special Instructions

- Some dependents may be eligible for COBRA continuation, based on the date of the qualifying event (25th birthday, date of divorce, loss of other coverage, etc.), but Federal Law requires the employee to notify their employer of the qualifying event within 60 days of that event in order to be eligible for COBRA enrollment. If the date of the event was earlier than 60 days from this event, the employee does not have the right to elect COBRA continuation.

# The DEV Process

## Step 1 – Special Instructions

- All questions should be directed to HDM at 800-859-5119 ext 286, or to Donna Muollo at:
- [dmuollo@hdminc.com](mailto:dmuollo@hdminc.com)

# The DEV Process

## Step 2

- Approximately 30 days after the DEV PACKET mailing, employees who have not responded will receive a second notice of the DEV deadline.

## Step 3

- Approximately 45 days after the DEV PACKET mailing, all employees who still have not submitted adequate documentation will receive a letter notifying them that their dependent(s) will be removed from coverage.

# The DEV Process

## Step 3

- At this time, they will also be notified of the Appeals Process.

**NO POLICYHOLDER WILL HAVE COVERAGE FOR  
A DEPENDENT(S) TERMINATED UNTIL THE  
APPEALS PROCESS IS COMPLETED.**

# DEV- Eligible Dependents & Acceptable Documentation

This information will be contained in the DEV Packet to be mailed to employees.

Dependent(s)	Acceptable Documentation* ***** <b>(Do Not Send Originals)</b> *****
Spouse	2008 Federal Income Tax Return (Page 1 ONLY) <u>AND</u> Marriage certificate
Biological or adopted children	2008 Federal Income Tax Return (Page 1 ONLY) <u>AND</u> Birth certificate or Adoption placement agreement or other legal documentation with court signature or seal
Stepchildren who live with the Plan member and are under 19	2008 Federal Income Tax Return (Page 1 ONLY) <u>AND</u> Birth certificate or Adoption placement (or guardianship, custody) agreement or other legal documentation with court signature or seal, showing the member's spouse as the adoptive or biological parent
Children under age 19 who are members of the plan member's household and fully dependent upon the member for support and maintenance	2008 Federal Income Tax Return (Page 1 ONLY) <u>AND</u> Birth certificate

# DEV- Eligible Dependents & Acceptable Documentation

This information will be contained in the DEV Packet to be mailed to employees.

Dependent(s)	Acceptable Documentation* ***** <b>(Do Not Send Originals)</b> *****
Children or stepchildren over age 19 who have been continuously covered by PEIA since before age 19, and who are incapacitated and cannot support themselves due to a physical or mental disability which began before age 19, or before age 25 if coverage was extended as a “qualifying child” or “qualifying relative.” <b>(See below)</b> . For newly hired employees in their initial enrollment period in the PEIA, it is not necessary that the dependent be covered before age 19.	2008 Federal Income Tax Return (Page 1 ONLY) <u>AND</u> Birth certificate
Unmarried children ages 19-25 (i.e., Qualifying Child or Qualifying Relative)*	2008 Federal Income Tax Return (Page 1 ONLY) <u>AND</u> Birth certificate



# Questions?

- If you have any questions about the ERA or DEV after this meeting, please refer to the list of Frequently Asked Questions (FAQs) at [www.wvpeia.org](http://www.wvpeia.org) under the “ERA” link for Benefit Coordinators and the “DEV” link for members, call HDM at 800-859-5119 (ext 286) or email Donna Muollo at [dmuollo@HDMINC.com](mailto:dmuollo@HDMINC.com)

***Thank You!***